CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 7, 2001

H.R. 90
Know Your Caller Act of 2001

As ordered reported by the House Committee on Energy and Commerce on February 28, 2001

H.R. 90 would require the Federal Communications Commission (FCC) to issue regulations prohibiting telephone solicitors from purposefully blocking their name, phone number, and other identifying information from appearing on caller identification systems. In addition, the bill would establish a private right of action in state courts to punish violations of these provisions. Finally, the bill would require the FCC to study issues surrounding the transmission of caller identification information and report to the Congress within one year of the bill's enactment.

Based on information from the FCC, CBO estimates that the FCC would spend less than $500,000 a year to implement H.R. 90, assuming the availability of appropriated funds. Under current law, the FCC is authorized to collect fees from the telecommunications industry sufficient to offset the cost of its enforcement programs. Therefore, CBO assumes that the additional costs of enforcing H.R. 90 would be offset by an increase in collections credited to the FCC’s annual appropriations.

Under current law, the FCC has the authority to assess forfeiture penalties for violations of regulations such as those that would be promulgated under H.R. 90. Based on information from the FCC, CBO estimates that implementation of H.R. 90 would increase the forfeiture penalties collected by the agency by about $1 million annually. Because such penalties are classified as governmental receipts, pay-as-you-go procedures would apply.

H.R. 90 contains an intergovernmental mandate as defined in Unfunded Mandates Reform Act (UMRA). The bill would preempt caller identification provisions of some state telemarketing statutes, which could affect the associated fines and penalties. Because states vary significantly in their regulation of telephone solicitors, CBO cannot determine precisely the total revenue loss they would experience as a result of this bill. However, based on our estimate of the number of states regulating in this area, the size of the fines assessed, and the amount of fine revenue generated, CBO estimates that state revenue losses would not exceed the threshold established by UMRA ($55 million in 2000, adjusted annually for inflation).

H.R. 90 would impose private-sector mandates, as defined by UMRA, on telephone solicitors. A company that has telecommunication services or equipment that is capable of transmitting its name and phone number would be required to do so. The bill also would prohibit those companies from using a person's name and number for telemarketing, mail marketing, or any other marketing purposes when that person has requested to be placed on a "do-not-call" list. Based on information from the FCC and industry representatives, CBO estimates that the cost of the mandates would be well below the threshold established by UMRA for private-sector mandates ($109 million in 2000, adjusted annually for inflation).

The CBO staff contacts for this estimate are Ken Johnson (for federal costs), Shelley Finlayson (for the state and local impact), and Jean Talarico (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.